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*Via Email*  
**comments@fdic.gov**

Mr. Robert E. Feldman  
Executive Secretary  
Attn: Comments/Legal ESS, FDIC  
550 17<sup>th</sup> Street NW  
Washington D.C. 20429

**Re: Proposal on Interstate Banking and Interest Rate Authority**  
**70 Federal Register 60019, October 14, 2005 ("Proposed Regulations")**

Dear Mr. Feldman:

We have a banking law practice and would like to comment on the Proposed Regulations as follows:

1. In the introductory language to the Proposed Regulations, the FDIC states at 70 Fed. Reg. 6,028-29 the following: "GC-11 observed, however, that the Interstate Banking Statutes did not address other situations that could occur in the interstate context, such as where the three non-ministerial functions occur in different states or where some of the non-ministerial functions occur in an office that is not considered to be the home office or a branch of the bank. In these instances, as reflected in GC-11 in paragraph (c)(2) of the proposed rule, home state rates may be used." However, in reviewing section 331.4(c) of the proposal, the regulations reference where the activities may occur as far as the home state versus the host state is concerned, but do not make a distinction as to offices and branches. Section 331.4(c)(1) states that the appropriate interest rate "will be determined by reference to the laws of the state where all of the non-ministerial functions occur." However, what if all the non-ministerial functions occurred at a location that was not a branch in the host state. For example, what if the non-ministerial functions occurred at the offices of a subsidiary of the bank or at an office of the bank that was not in a branch? It is often the case that these operations are performed by an operations subsidiary of a bank or at an operations office of a bank not located at

a branch. Could the home state's laws apply in such a case? Also, paragraph(c)(2) states that the interest rate "may be determined by reference to the laws of the home state of the state bank where the non-ministerial functions occur in branches located in different host states or any of the non-ministerial functions occur in a state where the state bank does not maintain a branch." Again, this does not make a distinction between activities occurring in a branch in the host state versus in an office that is not considered a branch.

2. Section 331.4(c)(2) indicates that the interest rate may be determined by the laws of the home state in those instances where the non-ministerial functions occur in branches located in different host states, but the regulation does not indicate what may happen in the event some of the functions occur in the home state. Even though it may be obvious that the home state's interest rates may be utilized, it is not clear from a plain reading of the Proposed Regulation (c)(2) that such is the case.

Thank you for your consideration of the above comments. If you have any questions, please feel free to contact me at (501) 372-0110.

Sincerely,

/s/ Mark K. Halter

MKH/ras